

Condensed Consolidated Interim Financial Statements
for the nine months ended 30 September 2015

Condensed consolidated statement of comprehensive income

Notes	9 months ended Sep 30		3 months ended Sep 30	
	2015 Unaudited	2014 Unaudited	2015 Unaudited	2014 Unaudited
	£	£	£	£
Continuing operations				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit				
Administrative expenses	(602,552)	(878,288)	(186,584)	(223,743)
Charge for Share Options Granted	(139,231)	(81,958)	(52,341)	(47,607)
Change in value of contingent consideration	(111,621)	457,582	(56,558)	(68,181)
Project impairment	-	(31,989)	-	-
(Loss)/gain on foreign exchange	(240,418)	(2,564)	(43,798)	29,396
Other losses – Impairment of available for sale assets	(253,006)	-	-	-
Loss from operations	(1,346,828)	(537,217)	(339,281)	(310,135)
Gain on sale of fixed asset				
Finance income	12,403	13,524	2,074	3,544
Finance costs	(242,944)	(130,427)	(80,981)	(43,475)
(Loss)/Profit before taxation	(1,577,369)	(654,120)	(418,188)	(350,066)
Taxation	-	-	-	-
(Loss)/Profit for the period from continuing operations	(1,577,369)	(654,120)	(418,188)	(350,066)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Change in value of available for sale financial assets	253,006	(651)	-	117
Exchange differences on translating foreign operations	(7,694,888)	(421,944)	(4,001,155)	(1,284,991)
Other comprehensive income for the period, net of tax	(7,441,882)	(422,595)	(4,001,155)	(1,284,874)
Total comprehensive income for the period attributable to equity holders of the Company	(9,019,251)	(1,076,715)	(4,419,343)	(1,634,940)

**Earnings per share
from continuing
operations attributable
to the equity holders of
the Company**

Basic and diluted (pence per share)	9	(0.320)	(0.347)	(0.085)	(0.076)
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Condensed consolidated statement of financial position

		30 September 2015 Unaudited	31 December 2014 Audited
	Notes	£	£
Assets			
Non-current assets			
Intangible assets	6	16,171,878	20,770,312
Property, plant & equipment		15,661	54,390
Deferred taxation		3,508,364	5,065,976
		19,695,903	25,890,678
Current assets			
Trade and other receivables		18,673	22,709
Cash and cash equivalents		1,818,726	5,030,968
		1,837,399	5,053,677
Total assets		21,533,302	30,944,355
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	7	4,924,271	4,924,271
Share premium	7	31,095,370	31,095,370
Other reserves		(7,763,483)	(321,601)
Accumulated losses		(10,965,007)	(9,526,869)
Total equity		17,291,151	26,171,171
Liabilities			
Non-current liabilities			
Contingent consideration		2,590,076	2,235,512
Deferred taxation		1,524,807	2,201,178
		4,114,883	4,437,290
Current liabilities			
Trade and other payables		127,268	335,894
Total liabilities		4,242,151	4,773,184
Total equity and liabilities		21,533,302	30,944,355

Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2014	4,011,395	26,997,998	(8,410,040)	1,139,550	23,738,903
Comprehensive income					
Loss for the period	-	-	(654,120)	-	(654,120)
Other comprehensive income					
Change in value of available for sale financial assets	-	-	-	(651)	(651)
Currency translation differences	-	-	-	(421,944)	(421,944)
Total comprehensive income	-	-	(654,120)	(422,595)	(1,076,715)
Transactions with owners					
Issue of ordinary shares	912,876	4,564,388	-	-	5,477,264
Issue costs	-	(465,342)	-	-	(465,342)
Share based payments	-	-	81,958	-	81,958
Total transactions with owners	912,876	4,099,046	81,958	-	5,093,880
As at 30 September 2014	4,924,271	31,097,044	(8,982,202)	716,955	27,756,068
As at 1 January 2015	4,924,271	31,095,370	(9,526,869)	(321,601)	26,171,171
Comprehensive income					
Loss for the period	-	-	(1,577,369)	-	(1,577,369)
Other comprehensive income					
Change in value of available for sale financial assets	-	-	-	253,006	253,006
Currency translation differences	-	-	-	(7,694,888)	(7,694,888)
Total comprehensive income	-	-	(1,577,369)	(7,441,882)	(9,019,251)
Transactions with owners					
Issue of ordinary shares	-	-	-	-	-
Issue costs	-	-	-	-	-
Share based payments	-	-	139,231	-	139,231
Total transactions with owners	-	-	139,231	-	139,231
As at 30 September 2015	4,924,271	31,095,370	(10,965,007)	(7,763,483)	17,291,151

Condensed Consolidated Statement of Cash Flows

	9 months ended 30 September		3 months ended 30 September	
	2015	2014	2015	2014
	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£
Cash flows from operating activities				
Profit / (Loss) before taxation	(1,577,369)	(654,120)	(418,188)	(350,066)
Interest income	(12,403)	(13,524)	(2,074)	(3,544)
Finance costs	242,944	130,427	80,981	43,475
Loss on disposal of subsidiary	3,848	-	-	-
Realisation of Peruvian Reserves	13,353	-	-	-
Impairment of available for sale financial assets	253,006	-	-	-
Project Impairment	-	31,989	-	-
Gain on sale of fixed asset	(11,011)	-	-	-
Exchange differences	240,418	2,564	43,798	(29,396)
Employee share options charge	139,231	81,958	52,341	47,607
Change in fair value of contingent consideration	111,620	(457,582)	56,557	68,181
Depreciation	1,134	2,959	315	918
Operating profit / (loss) before changes in working capital	(595,229)	(875,329)	(186,270)	(222,825)
(Increase) / decrease in trade and other receivables	2,524	36,943	(3,510)	23,813
Increase / (decrease) in trade and other payables	(43,550)	(24,781)	17,808	(73,332)
Net cash inflow/(outflow) from operating activities	(636,255)	(863,167)	(171,972)	(272,344)
Cash flows from investing activities				
Net purchase of intangible assets	(2,362,774)	(1,340,863)	(384,047)	(234,962)
Proceeds from sale of property, plant and equipment	13,292	-	-	-
Interest received	12,403	13,524	2,074	3,544
Net cash used in investing activities	(2,337,079)	(1,327,339)	(381,973)	(231,418)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	5,477,265	-	5,477,265
Share issue costs	-	(465,342)	-	(465,342)
Net cash inflow from financing activities	-	5,011,923	-	5,011,923
Net increase/(decrease) in cash and cash equivalents	(2,973,334)	2,821,417	(553,945)	4,508,161
Cash and cash equivalents at beginning of period	5,030,968	3,091,880	2,415,706	1,373,176
Exchange (losses)/gains on cash and cash equivalents	(238,908)	(2,564)	(43,035)	29,396
Cash and cash equivalents at end of the period	1,818,726	5,910,733	1,818,726	5,910,733

Notes to the Financial Statements

1. General information

The principal activity of the Company and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. There is no seasonality or cyclicity of the Group's operations.

The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM) and on the Toronto Stock Exchange (TSX). The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is 26 Dover Street London W1S 4LY.

2. Basis of preparation

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The condensed interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS). Statutory financial statements for the year ended 31 December 2014 were approved by the Board of Directors on 25 February 2015 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The condensed interim financial statements of the Company have not been audited or reviewed by the Company's auditor, PKF Littlejohn LLP.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30th September 2015.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2014 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.horizontminerals.com. The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

Critical accounting estimates and judgements

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2014 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's Financial Statements for the year ended 31 December 2014, except for the impact of the adoption of the Standards and interpretations described below.

3.1. Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a material impact on the Group.

(b) New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 January 2015 and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective. Unless stated below, there are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Standard		Effective Date
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation	1 January 2016
IAS 16 (Amendments)	Property, plant and equipment: Bearer Plants	1 January 2016
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions	1 February 2015
IAS 27 (Amendments)	Separate Financial Statements	1 January 2016
IAS 28 (Amendments)	Investments in Associates and Joint Ventures	1 January 2016
IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IAS 38 (Amendments)	Clarification of Acceptable Methods of Amortisation	1 January 2016
IAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10 (Amendments)	Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IFRS 10 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 11 (Amendments)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 12 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements	2010 – 2012 Cycle	1 February 2015
Annual Improvements	2012 – 2014 Cycle	1 January 2016

4 Segmental reporting

The Company operates in three geographical areas, UK, Brazil, and Other, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities outside of the UK relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

2015	UK	Brazil	Other	Total
	9 months ended 30 September 2015	9 months ended 30 September 2015	9 months ended 30 September 2015	9 months ended 30 September 2015
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(441,032)	(148,167)	(13,353)	(602,552)
Profit / (Loss) on foreign exchange	(112,044)	(128,374)	-	(240,418)
Other operating income				
Loss from operations per reportable segment	(553,076)	(276,541)	(13,353)	(842,970)
Inter segment revenues	-	648,821	-	648,832
Depreciation charges	(778)	(356)	-	(1,134)
Additions to non-current assets	-	(4,515,135)	-	(4,515,135)
Reportable segment assets	1,768,683	19,764,619	-	21,533,302
Reportable segment liabilities	2,672,230	1,569,921	-	4,242,151
2014	UK	Brazil	Other	Total
	9 months ended 30 September 2014	9 months ended 30 September 2014	9 months ended 30 September 2014	9 months ended 30 September 2014
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(525,380)	(349,684)	(3,224)	(878,288)
Project and fixed asset impairment	-	(31,989)	-	(31,989)

Profit / (Loss) on foreign exchange	24,352	(26,916)	-	(2,564)
Other operating income	-	-	-	-
Loss from operations per reportable segment	(501,028)	(408,589)	(3,224)	(912,841)
Inter segment revenues	-	473,095	-	473,095
Depreciation charges	(2,313)	(646)	-	(2,959)
Additions to non-current assets	-	1,356,488	-	1,356,488
Reportable segment assets	5,898,968	26,408,797	3,072	32,310,837
Reportable segment liabilities	2,196,257	2,358,512	-	4,554,769

2015

	3 months ended 30 September 2015 £	3 months ended 30 September 2015 £	3 months ended 30 September 2015 £	3 months ended 30 September 2015 £
Revenue	-	-	-	-
Administrative expenses	(125,253)	(61,331)	-	(186,584)
Profit/(loss) on foreign exchange	(3,102)	(40,696)	-	(43,798)
Other operating Income	-	-	-	-
Loss from operations per reportable segment	(128,355)	(102,027)	-	(230,382)
Inter segment revenues	-	221,307	-	221,307
Depreciation charges	(259)	(56)	-	(315)
Additions to non-current assets	-	(3,204,767)	-	(3,204,767)

2014

	3 months ended 30 September 2014 £	3 months ended 30 September 2014 £	3 months ended 30 September 2014 £	3 months ended 30 September 2014 £
Revenue	-	-	-	-
Administrative expenses	(142,502)	(80,580)	(661)	(223,743)
Project and fixed asset impairment	-	-	-	-
Profit/(loss) on foreign exchange	44,611	(15,215)	-	29,396
Other operating Income	-	-	-	-
Loss from operations per reportable segment	(97,891)	(95,795)	(661)	(194,347)
Inter segment revenues	-	162,831	(33,033)	129,798
Depreciation charges	(737)	(181)	-	(918)
Additions to non-current assets	-	244,843	-	244,843

A reconciliation of adjusted loss from operations per reportable segment to profit/(loss) before tax is provided as follows:

	9 months ended 30 September 2015 £	9 months ended 30 September 2014 £	3 months ended 30 September 2015 £	3 months ended 30 September 2014 £
Profit /(Loss) from operations per reportable segment	(842,970)	(912,841)	(230,382)	(194,347)
– Change in fair value of contingent consideration	(111,621)	457,582	(56,558)	(68,181)
– Charge for share options Granted	(139,231)	(81,958)	(52,341)	(47,607)
– Impairment of available for sale asset	(253,006)	-	-	-
– Finance income	12,403	13,524	2,074	3,544
– Finance costs	(242,944)	(130,427)	(80,981)	(43,475)

Profit/(Loss) for the period from continuing operations	(1,577,369)	(654,120)	(418,188)	(350,066)
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5 Change in Fair Value of Contingent Consideration

Contingent consideration has a carrying value of £2,590,076 at 30 September 2015 (31 December 2014: £2,235,512). The contingent consideration arrangement requires the Group to pay the former owners of Teck Cominco Brasil S.A (subsequently renamed Araguaia Niquel Mineração Ltda) 50% of the tax effect on utilisation of the tax losses existing in Teck Cominco Brasil S.A at the date of acquisition, which was completed in August 2010. Under the terms of the acquisition agreement, tax losses that existed at the date of acquisition and which are subsequently utilised in a period greater than 10 years from that date are not subject to the contingent consideration arrangement.

The fair value of this potential consideration has been determined using the operating and financial assumptions in the cashflow model derived from the Araguaia project pre-feasibility study ("Pre-Feasibility Study") published by the Company in March 2014 in order to calculate the ability to utilise the acquired tax losses, together with the timing of their utilisation. These cash flows could be affected by upward or downward movements in several factors to include commodity prices, operating costs, capital expenditure, production levels, grades, recoveries and interest rates.

As at 30 September 2015, Management has reassessed the fair value of the potential contingent consideration in accordance with the Group's accounting policies. The change in the fair value of contingent consideration has generated a debit to profit or loss of £ (111,621) in the nine months ended 30 September 2015 (2014: £ 457,582 credit) due to changes in the exchange rate of the functional currency in which the liability is payable and in the timing of cash flows.

6 Intangible assets

Intangible assets comprise exploration and evaluation costs and goodwill. Exploration and evaluation costs comprise internally generated and acquired assets.

Group	Goodwill £	Exploration and evaluation costs £	Total £
Cost			
At 1 January 2015	270,925	20,499,387	20,770,312
Additions		2,221,172	2,221,172
Exchange rate movements	(83,299)	(6,736,307)	(6,819,606)
Net book amount at 30 September 2015	187,626	15,984,252	16,171,878

7 Share Capital and Share Premium

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2015	492,427,105	4,924,271	31,095,370	36,019,641
At 30 September 2015	492,427,105	4,924,271	31,095,370	36,019,641

8 Dividends

No dividend has been declared or paid by the Company during the nine months ended 30 September 2015 (2014: nil).

9 Loss per share

The calculation of the basic loss per share of 0.320 pence for the 9 months ended 30 September 2015 (30 September 2014 loss per share: 0.155 pence) is based on the loss attributable to the equity holders of the Company of £ (1,577,369) for the nine month period ended 30 September 2015 (30 September 2014:

£(654,120)) divided by the weighted average number of shares in issue during the period of 492,427,105 (weighted average number of shares for the 9 months ended 30 September 2014: 421,276,469).

The calculation of the basic loss per share of 0.085 pence for the 3 months ended 30 September 2015 (30 September 2014 earnings per share: 0.076 pence) is based on the loss attributable to the equity holders of the Company of £ (418,188) for the three month period ended 30 September 2015 (3 months ended 30 September 2014: £ (350,066)) divided by the weighted average number of shares in issue during the period of 492,427,105 (weighted average number of shares for the 3 months ended 30 September 2014: 461,329,129).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2014.

10 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

11 Related party transactions

The nature of related party transactions of the Group has not changed from those described in the Group's Annual Report and Financial Statements for the year ended 31 December 2014.

12 Commitments

The Group had no capital expenditure contracted for at the end of the reporting period but not yet incurred and operating lease commitments of £ 61,297. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2014.

13 Approval of interim financial statements

The Condensed interim financial statements were approved by the Board of Directors on 13th November 2015.

****ENDS****